

# THE PITTSBURGH & LAKE ERIE RAILROAD COMPANY

GORDON E. NEUENSCHWANDER  
VICE PRESIDENT & GENERAL COUNSEL

G. EDWARD YURCON  
ASSISTANT GENERAL COUNSEL

RICHARD A. PORACH  
ATTORNEY

324 P&LE TERMINAL BUILDING  
PITTSBURGH, PA. 15219  
PHONE (412) 261-3201

January 6, 1978

Mr. H. G. Homme, Jr.,  
Acting Secretary  
Interstate Commerce Commission  
12th and Constitution Ave., N.W.  
Washington, D. C. 20423

9166  
RECORDATION NO. .... Filed & Recorded  
JAN 9 1978 - 10 25 AM  
INTERSTATE COMMERCE COMMISSION

RECEIVED  
JAN 9 10 22 AM '78  
CERTIFICATION UNIT

Dear Sir:

Enclosed for filing with the Commission pursuant to Section 20c of the Interstate Commerce Act are the original and four additional counterparts of Security Agreement, dated as of December 16, 1977, covering 160 used railroad freight cars. The names and addresses of the parties to the transaction are as follows:

Secured Party: The Pittsburgh and Lake Erie  
Railroad Company  
Smithfield and Carson Streets  
Pittsburgh, Pa. 15219

Debtor: Industrial Investment Corporation  
P. O. Box 706  
Galion, Ohio 44833

The following is a general description of the railroad equipment covered by said document:

| <u>No. of<br/>Units</u> | <u>Description</u>   | <u>A.A.R.<br/>Mechanical<br/>Designation</u> | <u>Identifying<br/>Road Nos.</u> |
|-------------------------|--|--|----------------------------------|
| 160                     | 50' - 55-ton rebuilt<br>box cars with 10' doors<br>and friction bearings | XM   | See attached<br>sheet            |

Also enclosed is P&LE check in the amount of \$50 to cover the recording fee. Please acknowledge receipt at your earliest convenience by stamping and returning to me three counterparts of the document. **8-009AC80**

Date JAN 9 1978

Fee \$ 50

Very truly yours,

*Gordon E. Neuenschwander*

encs.

ICC Washington, D. C.

IDENTIFYING ROAD NUMBERS

EXHIBIT "A"

|             |       |       |       |       |       |
|-------------|-------|-------|-------|-------|-------|
| P&LE- 23001 | 23200 | 23381 | 23737 | 24052 | 24835 |
| 23003       | 23204 | 23388 | 23738 | 24087 | 24858 |
| 23011       | 23207 | 23394 | 23741 | 24114 | 24913 |
| 23012       | 23208 | 23413 | 23742 | 24123 | 24986 |
| 23013       | 23214 | 23414 | 23759 | 24130 |       |
| 23019       | 23224 | 23455 | 23762 | 24142 |       |
| 23024       | 23229 | 23472 | 23799 | 24154 |       |
| 23039       | 23243 | 23478 | 23802 | 24159 | 25008 |
| 23045       | 23248 | 23486 | 23813 | 24172 | 25054 |
| 23062       | 23260 | 23494 | 23816 | 24232 | 25082 |
| 23063       | 23261 | 23523 | 23925 | 24341 | 25145 |
| 23066       | 23262 | 23524 | 23839 | 24382 | 25146 |
| 23071       | 23265 | 23536 | 23930 | 24389 | 25194 |
| 23072       | 23272 | 23551 | 23921 | 24400 | 25205 |
| 23078       | 23291 | 23554 | 23961 | 24474 | 25221 |
| 23093       | 23308 | 23559 | 23962 | 24475 | 25237 |
| 23094       | 23324 | 23587 | 23983 | 24550 | 25242 |
| 23103       | 23335 | 23596 | 23986 | 24522 | 25320 |
| 23110       | 23336 | 23641 | 23988 | 24573 | 25366 |
| 23113       | 23345 | 23646 | 23992 | 24602 | 25370 |
| 23116       | 23348 | 23648 |       | 24639 | 25386 |
| 23128       | 23354 | 23658 |       | 24647 | 25414 |
| 23172       | 23357 | 23707 |       | 24670 | 25416 |
| 23181       | 23362 | 23711 |       | 24691 | 25422 |
| 23184       | 23363 | 23716 |       | 24724 | 25426 |
| 23187       | 23348 | 23724 |       | 24735 | 25430 |
| 23191       | 23364 | 23728 |       | 24736 | 25465 |
| 23194       | 23379 | 23729 |       | 24760 | 25480 |
|             |       |       |       | 24775 | 25501 |
|             |       |       |       |       | 25526 |

**Interstate Commerce Commission**  
**Washington, D.C. 20423**

1/9/78

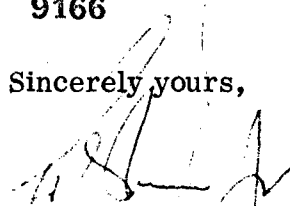
OFFICE OF THE SECRETARY

Gordon E. Neuenschwander  
The Pittsburgh & Lake Erie RR. Co.  
324 P&LE Terminal Building  
Pittsburgh, Pa. 15219

Dear Sir:

The enclosed document(s) was recorded pursuant to the  
provisions of Section 20(c) of the Interstate Commerce Act,  
49 U.S.C. 20(c), on **1/9/78** at **10:25am** ,  
and assigned recordation number(s) **9166**

Sincerely yours,

  
H.G. Homme, Jr.  
Acting Secretary

Enclosure(s)

SE-30-T  
(6/77)

SECURITY AGREEMENT

9166  
RECORDATION NO. .... Filed & Recorded  
JAN 9 1978 -10 25 AM  
INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT, dated as of December 16, 1977, by and between THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY, a Delaware corporation, with offices at Smithfield and Carson Streets, Pittsburgh, Pennsylvania 15219 (hereinafter referred to as the "Secured Party"), and INDUSTRIAL INVESTMENT CORPORATION, an Ohio corporation, with a mailing address at P. O. Box 706, Galion, Ohio 44833 (hereinafter referred to as "Purchaser").

W I T N E S S E T H:

WHEREAS, Secured Party and Purchaser are parties to a purchase agreement of even date (the "Purchase Agreement"), pursuant to which the Secured Party sold to Purchaser, and Purchaser purchased from Secured Party the railroad equipment described in Schedule A to the Purchase Agreement and in Exhibit A attached hereto (the "Box Cars"). Under the Purchase Agreement, Purchaser has paid only a portion of the aggregate purchase price for the Box Cars. In order to induce the Secured Party to enter into the Purchase Agreement and transfer title to the Box Cars to Purchaser prior to payment of the full aggregate purchase price thereof, Purchaser has agreed to enter into this Security Agreement pursuant

to which Purchaser's performance under the Purchase Agreement is secured on the terms and conditions hereinafter provided for.

NOW, THEREFORE, in consideration of the premises contained herein and the mutual covenants hereinafter contained, the parties hereto, desiring to be legally bound, hereby agree as follows:

1. Security Interest. To secure the performance of all obligations and liabilities of Purchaser to Secured Party under the Purchase Agreement and to this agreement (such performance and such obligations and liability being hereinafter referred to collectively as the "Obligations"), Purchaser shall, and hereby does grant, convey, assign and transfer to Secured Party a purchase money security interest in and to the Box Cars and all additions, attachments, replacements thereto and all proceeds therefrom (collectively, the "Collateral").

2. Representations and Warranties of the Debtor. Purchaser will keep the Box Cars free and clear of all claims, liens, security interests or other encumbrances created by Purchaser (and not created or arising from acts or omissions of Secured Party) which would be senior in priority and quality to the security interest created hereby.

3. Default. The term "Event of Default", as used herein, shall mean the occurrence and continuation of any one or more of the following events:

(a) The failure of Purchaser to promptly and faithfully perform when due any of the Obligations; or

(b) The material misrepresentation or breach by Purchaser of any material warranty or covenant to Secured Party under this agreement or the Purchase Agreement, which misrepresentation or breach shall continue for a period of twenty (20) days after notice specifying the same; or

(c) The breach by Purchaser of the negative covenants contained in paragraph 4 hereof; or

(d) The commission by Purchaser of any of the following acts:

(i) filing a petition in bankruptcy or a petition to take advantage of any insolvency act;

(ii) making an assignment for the benefit of its creditors;

(iii) consenting to the appointment of a receiver for itself or for the whole or any substantial part of its property; and

(iv) on a petition in bankruptcy filed against it, being adjudicated a bankrupt.

(e) The assumption by any court or competent jurisdiction of custody or control of Purchaser or of all or substantially all of its property under the provisions of any law for the relief of debtors, which custody or control shall not be terminated or stayed within thirty (30) days of the date of assumption of such custody or control.

Upon the occurrence of an Event of Default of the type described in subparagraph (a) hereinabove which remains

uncured for a period of twenty (20) days after written notice, or upon the occurrence of any other Event of Default, at the election of the Secured Party the entire balance of the aggregate purchase price for the Box Cars shall become immediately due and payable to Secured Party and Secured Party shall have, in addition to all the rights and remedies of a secured party under the Uniform Commercial Code, the right to take possession of, sell, dispose of, hold, use or lease any or all of the Box Cars as Secured Party, in its sole discretion, shall decide. The Secured Party shall give purchaser reasonable notice of any public or private sale or other intent to dispose of all or any portion of the Collateral. Purchaser agrees that the requirement of reasonable notice shall be met if notice is mailed to Purchaser at its address first above written not less than fifteen (15) business days prior to the sale or other disposition.

The Secured Party, by act, delay, omission, or otherwise, shall not be deemed to have waived any rights or remedies, or both, hereunder unless such waiver is in writing signed by Secured Party and only to the extent therein set forth. A waiver by Secured Party of any right or remedy, or both, on any one occasion shall not be construed as a bar to or waiver of any such right or remedy, or both, which Secured Party would otherwise have had on any future occasion.

4. Negative Comments. Purchaser covenants and agrees that so long as the Obligations remain outstanding, Purchaser shall not transfer, assign, lease or otherwise encumber the Collateral

in any manner which will result in creating a lien or interest in the Collateral which is senior in priority and quality to the security interest of the Secured Party. Purchaser may, however, transfer, assign or lease the Collateral to any corporation in which Purchaser's President is a controlling shareholder.

5. Termination of Agreement. The security interest created hereunder shall terminate only when Purchaser has fully satisfied the Obligations. At such time, Secured Party shall execute and deliver all such instruments and documents as Purchaser shall reasonably request in connection therewith.

6. Applicable Law and Jurisdiction. This agreement shall be governed and interpreted under the laws of the Commonwealth of Pennsylvania applicable to contracts made and to be performed therein. Purchaser and Secured Party agree that any legal suit, action or proceeding arising out of or related to this Security Agreement must be instituted in a state court in the County of Allegheny, Commonwealth of Pennsylvania, and that they (i) waive any objection which they have now or hereafter to the laying of the venue of any such suit, action or proceeding, and (ii) irrevocably submit to the jurisdiction of any such court in any such suit, action or proceeding.

7. Successors. This Security Agreement shall inure to the benefit of and be binding upon the respective successors, assigns and legal representatives of the parties hereto.



8. Severality. No provisions of this Security Agreement which may be unenforceable shall in any way invalidate any other provision hereof, all of which shall remain in full force and effect.

IN WITNESS WHEREOF, Secured Party and Purchaser have executed this Security Agreement as of the day and year first above written.

ATTEST:

*Edward Tuckon*  
Assistant Secretary

THE PITTSBURGH AND LAKE ERIE  
RAILROAD COMPANY

By *H.S. Allyn Jr.*

WITNESS:

*Jean B. Hesby, Secretary*  
Jean B. Hesby

INDUSTRIAL INVESTMENT CORPORATION

By *Philip S. Hesby, Pres.*  
Philip S. Hesby, President

COMMONWEALTH OF PENNSYLVANIA)

COUNTY OF ALLEGHENY )

ss:

On this 23rd day of December, 1977, before me personally appeared H. G. ALLYN, Jr., to me personally known, who being by me duly sworn, says that he is President of The Pittsburgh and Lake Erie Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Donna R. Dineen  
Notary Public

DONNA R. DINEEN, Notary Public  
Pittsburgh, Allegheny County, PA  
My Commission Expires February 3, 1980

My Commission Expires: Feb. 3, 1980

STATE OF OHIO           )  
                  CRAWFORD ) ss:  
COUNTY OF ~~FRANKLIN~~ )

Before me, a Notary Public in and for said county,  
personally appeared PHILIP S. HESBY, President and  
Jean B. Hesby, Secretary of Industrial Investment  
Corporation, who acknowledged that they did sign the foregoing  
instrument as such President and Secretary in behalf of said  
corporation and by authority of its Board of Directors; and that  
said instrument is their free act and deed, individually and as  
President and Secretary, and the free and corporate act and deed  
of the said Industrial Investment Corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name  
and affixed my official seal at Galion, Ohio, this  
28th day of December, 1977.

Linda S. Scheibel  
Notary Public

LINDA S. SCHEIBEL  
NOTARY PUBLIC, STATE OF OHIO  
My Commission Expires: Nov. 1, 1982

DESCRIPTION OF BOX CARS

| <u>No. of Units</u> | <u>Description</u>   | <u>AAR<br/>Designation</u> |
|---------------------|--|----------------------------|
| 160                 | 50' - 55-ton rebuilt<br>box cars with 10' doors<br>and friction bearings | XM                         |

Reporting Numbers

See Page 2

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| 23078 | 23291 | 23554 | 23961 | 24474 | 25221 |
| 23093 | 23308 | 23559 | 23962 | 24475 | 25237 |
| 23094 | 23324 | 23587 | 23983 | 24550 | 25242 |
| 23103 | 23335 | 23596 | 23986 | 24522 | 25320 |
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|       |       |       |       |       | 25526 |